PPG Metro Limited

Financial Statements for the year ended 30 June 2010
together with Directors' and Independent Auditor's Report

Registered Number: SC206554

Report of the Directors

The directors present their report and the financial statements of PPG Metro Limited (the "Company") for the year ended 30 June 2010. This directors' report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Principal activity

During the year the Company completed a business review and refinancing exercise. As part of this process the underlying strategy of the Company was revised to focus on medium term asset realisation and debt reduction in line with the terms of the new funding arrangements. As a consequence the Company no longer conducts an investment property activity and as such has transferred the investment property to stock, which is carried in the financial statements at the lower of cost and net realisable value. The principal activity of the Company during the year was the development and management of commercial property within the UK.

As part of the restructuring exercise, the immediate parent company (Note 20) acquired the minority shareholding in the Company. This acquisition has resulted in the Company becoming a wholly owned subsidiary of The Premier Property Group Limited. In addition the interest bearing loan notes 2000/2009 were converted into ordinary share capital during the year.

Directors of the Company

The directors who served the Company during the year were as follows:

Sir D E Murray
I B Tudhope (resigned 3 December 2009)
A Glasgow
L Higgins
B S Anderson (resigned 18 December 2009)
M S McGill (appointed 5 March 2010)

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- ensure applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Report of the Directors (continued)

Directors' responsibilities (continued)

The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the directors is aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with Section 487(2) of the Companies Act 2006 unless the Company receives notice under Section 488(1) of the Companies Act 2006.

BY ORDER OF THE BOARD

D W M Horne
Secretary
25 October 2010

Report of the Independent Auditor to the member of PPG Metro Limited

We have audited the financial statements of PPG Metro Limited for the year ended 30 June 2010 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, statement of accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's member, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 and 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with the applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2010 and of its loss for the year then ended;

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and

- have been prepared in accordance with the requirements of the Companies Act 2006.

Report of the Independent Auditor to the member of PPG Metro Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime.

Grant Thornton UK LLP

Andrew Howie
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Glasgow
25 October 2010

Profit and Loss Account

	Notes	Year ended 30 June 2010 Normal £	Exceptional £	Total £	17 month period ended 30 June 2009 Normal £	Exceptional £	Total £
Turnover	1	**1,646,076**	**-**	**1,646,076**	2,462,282	-	2,462,282
Cost of sales		**(555,471)**	**-**	**(555,471)**	(645,878)	-	(645,878)
Impairment losses on development properties	2	**-**	**(270,000)**	**(270,000)**	-	(505,870)	(505,870)
Gross profit/(loss)		**1,090,605**	**(270,000)**	**820,605**	1,816,404	(505,870)	1,310,534
Other operating expenses	3	**(46,888)**	**-**	**(46,888)**	(377,322)	-	(377,322)
Operating profit/(loss)		**1,043,717**	**(270,000)**	**773,717**	1,439,082	(505,870)	933,212
Impairment losses on investment properties	2	**-**	**-**	**-**	-	(2,732,316)	(2,732,316)
Amounts written off fixed asset investments	2	**(7,229,286)**	**-**	**(7,229,286)**	-	(35,352,920)	(35,352,920)
Costs of a fundamental restructuring of continuing operations	2	**-**	**(15,794,043)**	**(15,794,043)**	-	-	-
(Loss)/profit on ordinary activities before interest and taxation		**(6,185,569)**	**(16,064,043)**	**(22,249,612)**	1,439,082	(38,591,106)	(37,152,024)
Investment income	5	**27,561,407**	**-**	**27,561,407**	11,659,175	-	11,659,175
Interest payable and similar charges	6	**(8,528,716)**	**-**	**(8,528,716)**	(11,561,715)	-	(11,561,715)
Profit/(loss) on ordinary activities before taxation	7	**12,847,122**	**(16,064,043)**	**(3,216,921)**	1,536,542	(38,591,106)	(37,054,564)
Tax on profit/(loss) on ordinary activities	8	**610,170**	**-**	**610,170**	(247,560)	-	(247,560)
Profit/(loss) for the financial year/period	16	**13,457,292**	**(16,064,043)**	**(2,606,751)**	1,288,982	(38,591,106)	(37,302,124)

The current year and prior period results have been derived wholly from continuing operations.

The reported profit/(loss) on ordinary activities before taxation equates to the historical cost profit/(loss) on ordinary activities before taxation.

Statement of Total Recognised Gains and Losses

	Notes	**Year to 30 June 2010**	17 months to 30 June 2009
		£	£
Loss for the financial year/period	16	**(2,606,751)**	(37,302,124)
Reversal of revaluation reserve on transfer of investment property to stock		**(923,460)**	-
Total recognised losses for the year/period		**(3,530,211)**	(37,302,124)

The accompanying notes and Statement of Accounting Policies form part of these financial statements.

Balance Sheet

	Notes	30 June 2010 £	30 June 2009 £
Fixed assets			
Tangible assets	9	**-**	18,959,896
Investments	10	**110,272,982**	117,502,267
		110,272,982	136,462,163
Current assets			
Stock	11	**25,541,965**	7,735,542
Debtors	12	**14,350,803**	11,839,580
Cash at bank and in hand		**186,096**	16,896,472
		40,078,864	36,471,594
Creditors: amounts falling due within one year	13	**(159,555,650)**	(184,172,358)
Net current liabilities		**(119,476,786)**	(147,700,764)
Total assets less current liabilities		**(9,203,804)**	(11,238,601)
Provision for liabilities and charges	14	**-**	(659,868)
Net liabilities		**(9,203,804)**	(11,898,469)
Capital and reserves			
Called-up share capital	15	**1,002**	1,000
Share premium	16	**6,224,874**	-
Revaluation reserve	16	**-**	923,460
Profit and loss account	16	**(15,429,680)**	(12,822,929)
Shareholders' deficit	17	**(9,203,804)**	(11,898,469)

These financial statements were approved by the directors on 25 October 2010 and are signed on their behalf by:

M S McGill) MS McGill
) Directors
L Higgins) L Higgins

The Company's registration number is SC206554.

Statement of Accounting Policies

The principal accounting policies, which have been applied consistently throughout the current year and the prior period are:

(a) Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards, unless otherwise stated.

No cash flow statement has been presented as provided by FRS 1 (Revised) as the consolidated financial statements of the ultimate parent company (Note 20) contain a consolidated cash flow statement which includes the cash flows of this Company and are publicly available.

The balance sheet at 30 June 2010 shows that the Company is in a net liability position. The directors have reviewed the trading prospects and projected cash flows of the business and have agreed funding from its immediate parent company (Note 20) based on these projections as part of a refinancing arrangement. Details of the parent company refinancing and new bank facilities are set out in the financial statements of The Premier Property Group Limited. On that basis the directors have a reasonable expectation that there are adequate resources to allow the Company to continue to realise its assets and discharge its liabilities in the normal course of business for the foreseeable future. Accordingly, the directors have determined that it is appropriate to continue to adopt the going concern basis of accounting in the preparation of these financial statements.

(b) Consolidation

No consolidated financial statements have been prepared for the Company and its subsidiary undertakings under the terms of Section 401 of the Companies Act 2006 which exempts parent companies whose financial statements are included in the financial statements of a larger group from preparing consolidated financial statements. Note 20 contains details of the ultimate holding company.

(c) Investments

Investments in subsidiary undertakings and the unit trust are stated at cost less provision for impairment.

(d) Tangible fixed assets

In accordance with SSAP 19, investment properties are revalued annually. Surpluses or deficits on individual properties are transferred to the revaluation reserve, unless a deficit (or its reversal) is expected to be permanent and is in excess of any previously recognised surplus over cost related to the same property, in which case it is charged (or credited) to the profit and loss account. Depreciation is not provided in respect of freehold investment properties or leasehold investment properties where the unexpired term of the lease is more than 20 years. The directors consider that this accounting policy, which represents a departure from the Companies Act, is necessary to provide a true and fair view.

Development properties are those properties in respect of which construction and development have not been completed at the balance sheet date, and are reflected at cost, including an allocation of overheads and interest charges on external borrowings which are related to the properties, where recoverability is reasonably certain. In the opinion of the directors, the residual value of those development properties currently being operated for business purposes is sufficient to eliminate the requirement for depreciation. Provisions are made against the carrying value of development properties when the directors consider book value to exceed recoverable value. The directors consider that these policies are necessary to provide a true and fair view.

Development properties are classified within tangible fixed assets or stocks according to the specific disposal or realisation strategy for each property with all properties held for both development and resale treated as stock.

Where there is a fundamental change in the nature of an investment property such as commencement of development activity it will be classified within tangible fixed assets or transferred to stocks in line with the above criteria.

Statement of Accounting Policies (continued)

(e) Stocks and work in progress

Development properties held for development and resale are valued at the lower of the cost and net realisable value. Land held for development, including land in the course of development until legal completion of sale, is valued at cost. Work in progress on development properties is valued at the cost of labour and materials plus interest incurred on borrowings for development expenditure until the date of practical completion.

The estimated net realisable values for stock and work in progress are based on the directors' assessment of residual values for land and properties under development and projected net sales proceeds for completed properties. The key assumptions in assessing these values take into account current market rental levels, investment yields and construction cost data.

(f) Capitalised interest

Interest is capitalised from the point at which development expenditure is incurred until the date of practical completion, except where there is a substantial delay between acquisition and commencement of physical construction, where capitalisation will commence at the latter point. Where properties are held for redevelopment interest is capitalised from the point redevelopment commences.

(g) Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

The taxation liabilities of certain group undertakings are reduced wholly or in part by the surrender of losses by fellow group undertakings. The tax benefits arising from group relief are normally recognised in the financial statements of the surrendering undertakings.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group undertakings taxable profits and their results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

(h) Turnover and revenue recognition

Turnover was generated wholly within the United Kingdom and is net of VAT and intra group transactions. Rental and management fee income are recognised as they are earned. Income from the sale of development properties is recognised when the transaction is complete.

Notes to the Financial Statements

1. Turnover

Segmental information:

	Year to 30 June 2010 £	17 months to 30 June 2009 £
Rental income	**1,646,076**	2,451,874
Other income	**-**	10,408
	1,646,076	2,462,282

2. Exceptional items

The charge of £270,000 (2009 - £505,870) relates to a reduction in the net realisable value of development properties in the year.

The charge in the prior period of £2,732,316 related to an impairment in the market value of investment properties during that period.

The charge in the prior period of £35,352,920 related to the write-down in carrying value of fixed asset investments in subsidiary undertakings and unit trusts. There is an investment write-down of £7,229,286 in the current year which is not disclosed as exceptional in nature as it relates directly to the receipt of dividend income in the year (Note 5).

The charge of £15,794,043 relates to the break costs of interest rate derivative instruments as part of a group restructuring and refinancing.

3. Other operating expenses

The following is included in other operating expenses:

	Year to 30 June 2010 £	17 months to 30 June 2009 £
Administrative expenses	**46,888**	377,322

4. Staff costs

The Company had no employees during the current year or prior period and none of the directors received any remuneration from the Company or from other undertakings in respect of services to it.

Notes to the Financial Statements (continued)

5. Investment income

The following are included in investment income:

	Year to 30 June 2010	17 months to 30 June 2009
	£	£
Interest on inter-company loans	**121,381**	531,920
Distributions from unit trusts	**7,771,380**	10,966,807
Dividends received	**19,668,646**	160,448
	27,561,407	11,659,175

6. Interest payable and similar charges

The following are included in interest payable and similar charges:

	Year to 30 June 2010	17 months to 30 June 2009
	£	£
On bank overdrafts	**8,303,838**	10,883,139
Other loans	**112,439**	339,288
On loan notes from group undertakings	**112,439**	339,288
	8,528,716	11,561,715

7. Profit/(loss) on ordinary activities before taxation

The profit/(loss) on ordinary activities before taxation is stated after charging:

	Year to 30 June 2010	17 months to 30 June 2009
	£	£
Auditor's remuneration for audit services	**1,417**	7,083

Notes to the Financial Statements (continued)

8. Tax on profit/(loss) on ordinary activities

The tax charge/(credit) comprises:

	Year to 30 June 2010	17 months to 30 June 2009
	£	£
Current tax		
UK corporation tax	-	195,967
Adjustment in respect of prior periods		
- UK corporation tax	**49,698**	2,301
Total current tax	**49,698**	198,268
Deferred tax		
Origination and reversal of timing differences		
- Current year	**(610,576)**	49,292
- Prior period	**(49,292)**	-
Total deferred tax (Note 14)	**(659,868)**	49,292
Total tax (credit)/charge on loss on ordinary activities	**(610,170)**	247,560

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	Year to 30 June 2010	17 months to 30 June 2009
	£	£
Loss on ordinary activities before taxation	**(3,216,921)**	(37,054,564)
Tax on loss on ordinary activities at standard UK corporation tax rate of 28% (2009 – 28.23%)	**(900,738)**	(10,461,452)
Effects of:		
Non-taxable income	**(4,271,390)**	-
Expenses not deductible for tax purposes	-	10,707,138
Unrelieved tax losses and other deductions	**4,381,181**	(18)
Capital allowances in excess of depreciation	**790,947**	(49,701)
Adjustments in respect of prior periods	**49,698**	2,301
Current tax charge for the period	**49,698**	198,268

The Company earns its results in the UK, therefore the tax rate used for tax on loss on ordinary activities is the standard rate for UK corporation tax, currently 28% (2009 - 28.23%).

No deferred tax provision has been made in the current year. In the opinion of the directors there is an unprovided deferred tax asset at 30 June 2010 of £2,953,492 (2009 - £Nil)

Notes to the Financial Statements (continued)

9. Tangible fixed assets

The following are included in the net book value of tangible fixed assets:

	2010	2009
	£	£
Investment properties	-	18,959,896

The movements in the year were as follows:

	Investment properties
	£
Valuation	
At 30 June 2009	18,959,896
Reversal of revaluation reserve	(923,460)
Transfers to stock	(18,036,436)
At 30 June 2010	-
Depreciation	
At 30 June 2009 and at 30 June 2010	-
Net book value	
At 30 June 2010	-
At 30 June 2009	18,959,896

Freehold and leasehold investment properties were valued on an open-market existing-use basis as at 30 June 2009. The valuation was undertaken by an officer of the Company who is a qualified chartered surveyor. The valuation was made in full compliance with the RICS Appraisal and Valuation Manual. In addition, the Group policy was for all properties to be externally valued on acquisition and on a regular cycle thereafter. In accordance with SSAP 19, the investment properties were not depreciated. It was not possible to quantify the depreciation which would otherwise have been charged. The historic cost of investment properties at the year end was £Nil (2009 - £22,615,672). If the revalued properties were sold at their book values, a credit to corporation tax of £Nil (2009 - £1,032,026) would arise, which has not been provided in the financial statements.

Notes to the Financial Statements (continued)

10. Fixed asset investments

The following are included in the net book value of fixed asset investments:

	2010	2009
	£	£
Investments in subsidiary undertakings	**21,649,358**	28,878,643
Investment in unit trust	**88,623,624**	88,623,624
	110,272,982	117,502,267

The movements in the year from investments in subsidiary undertakings and investments in unit trust were as follows:

	Investment subsidiary undertaking	**Investment in unit trust**	**Total**
	£	£	£
Cost			
At 30 June 2009	32,366,083	120,989,104	153,355,187
Additions	6	-	6
Disposals	(5)	-	(5)
At 30 June 2010	**32,366,084**	**120,989,104**	**153,355,188**
Provision for impairment			
At 30 June 2009	3,487,440	32,365,480	35,852,920
Additions	7,229,286	-	7,229,286
At 30 June 2010	**10,716,726**	**32,365,480**	**43,082,206**
Net book value			
At 30 June 2010	**21,649,358**	**88,623,624**	**110,272,982**
At 30 June 2009	28,878,643	88,623,624	117,502,267

Notes to the Financial Statements (continued)

10. Fixed asset investments (continued)

The subsidiary undertakings at 30 June 2010 were:

	Country of registration	**Principal activity**	**Holding**
PPG Metro Grosvenor Limited	Scotland	Property development & management	100%
PPG Metro Franborough Limited	Scotland	Property development & management	100%
PPG Metro Caledonian Limited	Scotland	Property development & management	100%
PPG Metro Greenock Limited	Scotland	Property development & management	100%
PPG Metro 39 Limited	Scotland	Property development & management	100%
PPG Metro 500 Limited	Scotland	Property development & management	100%
PPG Metro Mansfield Limited	Scotland	Property development & management	100%
Eleven Haymarket Limited	England	Property development & management	100%

All holdings in subsidiary undertakings relate to the percentage of ordinary share capital held by the Company.

The unit trust holding at 30 June 2010 was:

	Place of registration	**Principal activity**	**Holding**
Plumtree Court Unit Trust	Jersey	Property investment & development	99.51%

11. Stocks

The following is included in the net book value of stocks:

	2010	2009
	£	£
Work in progress	**25,541,965**	7,735,542

Notes to the Financial Statements (continued)

12. Debtors

The following are included in the net book value of debtors:

	2010	2009
	£	£
Trade debtors	**40,571**	203,680
Amounts due from other group undertakings	**4,781,301**	2,266,976
Loans to subsidiary undertakings	**9,076,998**	8,896,998
Other debtors	**93,276**	104,219
Prepayments and accrued income	**358,657**	367,707
	14,350,803	11,839,580

13. Creditors: amounts falling due within one year

The following are included in creditors falling due within one year:

	2010	2009
	£	£
Term loans (secured)	**-**	155,515,000
Interest bearing loan notes 2000/2009	**-**	6,000,000
Trade creditors	**1,433**	1,443
Amounts due to other group undertakings	**158,851,541**	20,514,381
Other creditors	**62,447**	42,551
Corporation tax	**19,191**	19,191
VAT	**95,024**	18,728
Accruals and deferred income	**526,014**	2,061,064
	159,555,650	184,172,358

The term loans at 30 June 2009 were secured by bonds and floating charges and/or debentures over the assets of the Company and by standard securities and/or fixed charges over certain properties. The interest bearing loan notes 2000/2009 were unsecured and bore interest at commercial rates. The loan notes were converted into ordinary share capital on 18 December 2009 (Note 15).

On 21 April 2010 the Company received inter-company funding from The Premier Property Group Limited as part of a refinancing arrangement. This funding enabled the Company to repay its bank borrowings in full on that date. The inter-company funding has no fixed repayment date, is unsecured and no interest is charged. Details of the refinancing arrangements and new bank facilities are set out in the financial statements of The Premier Property Group Limited.

Notes to the Financial Statements (continued)

14. Provisions for liabilities and charges

Deferred taxation has been provided to the extent that the directors have concluded, on the basis of reasonable assumptions and the intentions of management, that it is probable that the liability will be realised.

	2010	2009
	£	£
Deferred taxation - accelerated capital allowances	-	659,868

The movement on net deferred tax liabilities during the year was:

	£
At 30 June 2009	659,868
Credited to profit and loss account (Note 8)	(659,868)
At 30 June 2010	-

15. Called up share capital

	2010	2009
	£	£
Allotted, called up and fully paid:		
475 ordinary A shares of £1 each	-	475
525 ordinary B shares of £1 each	-	525
Ordinary shares of £1 each	**1,002**	-
	1,002	1,000

A and B ordinary shares ranked pari passu in all respects.

On 18 December 2009 one ordinary A share and one ordinary B share were issued in conversion of the £6,000,000 interest bearing loan notes 2000/2009 (plus accrued interest to that date). This created a share premium balance of £6,224,874 (Note 16). On the same date the A and B ordinary shares were reclassified as ordinary shares of £1 each.

This transaction was completed as part of the wider restructure and refinancing of the Murray International Holdings Limited Group (Note 20) and as such has been accounted for as a debt for equity conversion rather than a waiver of debt. This is on the basis that whilst minimal equity was given by the Company on conversion of the loan notes, the value of the equity given by the wider Murray International Holdings Limited Group was sufficient to cover this debt.

Notes to the Financial Statements (continued)

16. Reserves

The movements in the year were as follows:

	Revaluation Reserve £	Profit and loss account £	Share premium account £
Balance at 30 June 2009	923,460	(12,822,929)	-
Loss for the financial year	-	(2,606,751)	-
Share premium on issue of ordinary shares (Note 15)	-	-	6,224,874
Reversal of revaluation reserve	(923,460)	-	-
Balance at 30 June 2010	**-**	**(15,429,680)**	**6,224,874**

17. Reconciliation of movements in shareholders' (deficit)/funds

	2010 £	2009 £
Loss for the financial period	**(2,606,751)**	(37,302,124)
Issue of share capital (Note 15)	**2**	-
Share premium on issue of ordinary shares (Note 15)	**6,224,874**	-
Reversal of revaluation reserve	**(923,460)**	-
Net addition/(depletion) to shareholders (deficit)/funds	**2,694,665**	(37,302,124)
Opening shareholders' (deficit)/funds	**(11,898,469)**	25,403,655
Closing shareholders' deficit	**(9,203,804)**	(11,898,469)

18. Guarantees and other financial commitments

(a) Capital commitments

Capital expenditure contracted but not provided at 30 June 2010 amounted to £Nil (2009 - £Nil).

(b) Contingent liabilities

In the prior period the Company guaranteed bank borrowings of fellow subsidiary undertakings by a corporate guarantee. The total contingency at 30 June 2009 amounted to £36,094,268.

At 30 June 2010, the Company has guaranteed bank borrowings of the Company, its ultimate holding company, Murray International Holdings Limited, and certain fellow subsidiary undertakings by cross guarantees. The total contingency at 30 June 2010 amounts to £600,893,494.

Loans held by The Premier Property Group Limited, the immediate parent company, are secured by bond and floating charges over the assets of the Company and by standard securities over certain properties.

Notes to the Financial Statements (continued)

18. Guarantees and other financial commitments (continued)

(c) VAT

The Company is registered for VAT purposes in a group of undertakings which share a common registration number. As a result, it has jointly guaranteed the VAT liability of the group, and failure by other members of the group to meet their VAT liabilities would give rise to additional liabilities for the Company. The directors are of the opinion that no additional liability is likely to arise.

(d) Fair values

The Company held derivative financial instruments to manage interest rate risks. The total debt subject to interest rate derivative instruments at 30 June 2010 amounts to £Nil (2009 - £200,000,000) with the fair value of these instruments amounting to £Nil (2009 – liability of £19,527,177).

19. Related party transactions

The Company has taken advantage of the exemption in FRS 8 "Related Party Transactions" from disclosing transactions with fellow group undertakings.

In the period to 18 December 2009, prior to the Company becoming a wholly owned subsidiary (Note 20), the Company entered into the following transactions:

a) Incurred a management fee from its immediate parent company, The Premier Property Group Limited, of £270,649 (2009 - £445,275).

b) Incurred interest on the loan notes from its immediate parent company, The Premier Property Group Limited, of £112,438 (2009 - £339,288).

c) Incurred interest on the loan notes from a former shareholder, Uberior Ventures Limited, of £112,439 (2009 - £339,288).

d) Incurred group tax relief from a fellow group undertaking, Murray Group Management Limited, of £298,712 (2009 - £1,759,782).

20. Ultimate holding company

The immediate parent company is The Premier Property Group Limited and the ultimate holding company is Murray International Holdings Limited both of which are registered in Scotland.

The largest group in which the results of the Company are consolidated is that headed by the ultimate holding company whose principal place of business is at 9 Charlotte Square, Edinburgh EH2 4DR. Copies of Murray International Holdings Limited financial statements are available from the above address. The smallest group in which the results of the Company are consolidated is that headed by The Premier Property Group Limited whose principal place of business is at 10 Charlotte Square, Edinburgh, EH2 4DR.

21. Ultimate control

Sir D E Murray, a director of the ultimate holding company (Note 20), and members of his close family control the Company as a result of controlling directly or indirectly 76% of the issued share capital of the ultimate holding company.